

# MARKETBEAT

## Richmond, VA

Retail Q3 2019



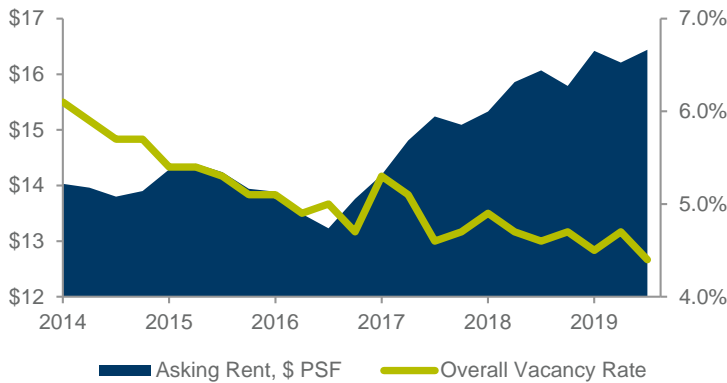
### ECONOMIC INDICATORS

National	Q3 18	Q3 19*	12-Month Forecast
GDP Growth	3.1%	2.0%	▲
CPI Growth	2.6%	1.8%	▲
Consumer Spending Growth	5.9%	4.0%	▲
Retail Sales Growth	5.5%	4.1%	▲

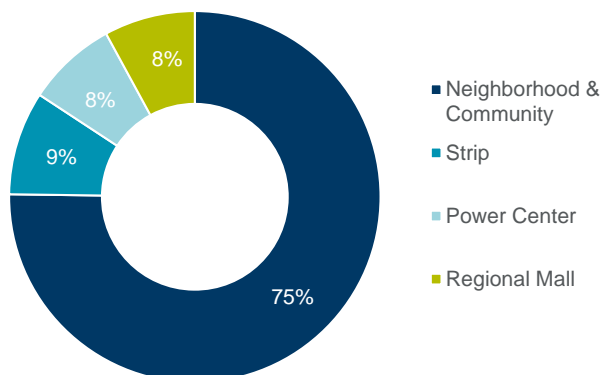
Regional	Q3 18	Q3 19*	12-Month Forecast
Median Household Income	\$69,700	\$70,800	▲
Population Growth	0.9%	0.6%	▲
Unemployment	3.0%	3.0%	▲

\*2019 Q3 data are based on latest available data. Growth rates are year-over-year. Source: BLS, BOC, Moody's Analytics

### Rental Rate vs. Overall Vacancy



### Availability by Type



### Economy

The Federal Reserve Bank cut interest rates by a quarter of a percentage point, citing concerns over slowing economic growth and the risk of a recession. In Richmond, the regional economy posted steady job growth as the unemployment rate remains near cyclical lows, at 3.0%. Employment increased by 6,700 jobs over the past 12 months, near the average pace of 6,900. Several economic announcements during the quarter will contribute to future employment growth in the Richmond area. Alphasonics USA, a UK-based medical device company, will locate a sales office in Henrico County. Amazon plans to open a new fulfillment and delivery facility in the Virginia I-95 Logistics Center.

### Market Overview

Steady leasing activity and absorption lowered the overall retail vacancy rate to 4.4%. More than 215,000 square (sf) of retail space was absorbed during the quarter. Several notable retailers opened during the quarter. Publix opened at the Village Shopping Center, marking the grocer's 13<sup>th</sup> location in the MSA.

Top Golf and Drive Shack both opened during the quarter, bringing two social golf driving ranges to the River City. Top Golf marks one of the first major developments in Westwood, near Scott's Addition, while Drive Shack opened in Short Pump. Hotel Greene, a mini-golf course with restaurant and bar also opened downtown inside the John Marshall hotel. A more traditional golf retailer, Club Champion leased space in the Shoppes at Westgate. Conn's HomePlus opened a location in Southgate Square in Colonial Heights. Fast food and quick service restaurants continue to find expansion opportunities throughout Richmond. Chicken Salad Chick opened in the Westpark Shopping Center, Panera Bread is under construction at Westchester Commons, and Zaxby's is under construction in front of the Walmart on Midlothian Turnpike. Chase Bank entered the market, signing a lease to take over the former Extra Billy's space in Willow Lawn and is seeking additional locations throughout the MSA. Starbucks also opened a new drive-thru location in Willow Lawn. The national Food Hall trend will also soon be in Richmond, following the announcement of a Veil Brewing anchored food hall in Scott's Addition.

### Outlook

Development activity is accelerating in response to strong demand and historically low vacancy rates. Mixed-use, walkable retail destinations will seek premium rents and a strong tenant mix to better compete with existing shopping centers. The outlook for consumer spending and retail sales growth coupled with a strong regional economy should continue to benefit retailers in the Richmond region.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	DELIVERIES YTD (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT
Broad St. Corridor	269	4,888,140	4.2%	7,782	(62,180)	0	0	\$15.71
Colonial Heights	211	3,401,534	4.0%	12,844	42,612	0	68,400	\$16.03
Downtown	455	3,178,584	6.0%	-10,482	11,319	0	0	\$16.37
East End	506	4,483,342	2.5%	11,309	20,271	3,440	0	\$17.44
Far West End North	32	318,565	5.4%	0	-5,589	0	0	\$33.54
Far West End South	82	1,295,767	7.7%	-1,297	2,648	2,000	23,246	\$15.59
Goochland	65	462,335	1.2%	0	4,150	0	45,672	\$13.41
Hopewell	168	1,297,219	5.9%	1,990	-9,351	0	0	\$9.83
I-95 Ashland/NW	214	2,079,133	3.2%	-6,296	-5,854	0	0	\$15.84
I-95 Chamberlayne/NE	112	1,007,952	0.8%	5,578	36,384	17,769	0	\$16.25
Jeff Davis Corridor	523	3,033,811	3.7%	10,222	-3,058	0	0	\$14.35
Laburnum/Rte 360	461	2,713,149	9.7%	11,906	-40,197	2,956	0	\$12.26
Louisa County	79	873,460	0.8%	0	11,890	0	0	\$11.64
Mechanicsville	221	2,861,469	2.1%	-3,859	9,114	3,847	0	\$11.89
Midlothian E/Hull St	577	7,154,587	5.8%	49,736	-6,559	0	35,200	\$13.70
Midlothian Village	126	1,719,817	6.8%	18,596	76,149	0	87,996	\$24.30
Midlothian West	297	7,283,498	4.8%	32,668	14,677	11,600	23,300	\$16.76
Near West End	663	3,781,093	1.5%	21,698	16,044	0	51,700	\$20.84
New Kent County	62	581,125	4.2%	-4,360	-11,254	0	0	\$9.90
Petersburg	397	2,970,645	6.8%	-5,582	-43,486	0	0	\$9.83
Powhatan	79	774,865	1.7%	1,000	6,100	6,500	0	\$17.54
Prince George	67	902,350	3.5%	930	3,834	6,500	0	\$15.00
Regency	117	2,457,141	7.6%	41,871	61,635	51,577	8,615	\$19.77
Short Pump	144	5,018,416	3.1%	30,103	-11,245	0	62,314	\$22.40
South Chesterfield	336	3,915,149	4.7%	-25,754	-7,068	18,700	90,520	\$15.33
Staples Mill / Parham	357	5,532,541	5.5%	4,788	17,758	0	5,250	\$17.51
Swift Creek	181	3,786,397	2.8%	1,869	31,537	45,190	36,801	\$19.83
Willow Lawn	301	3,118,896	1.2%	8,883	87,116	2,200	0	\$22.56
<b>Richmond, VA Totals</b>	<b>7,303</b>	<b>82,335,930</b>	<b>4.4%</b>	<b>215,823</b>	<b>279,821</b>	<b>172,279</b>	<b>45,672</b>	<b>\$16.44</b>

\*Rental rates reflect gross asking \$psf/year

Submarkets Amelia, Dinwiddie, and Sussex included in totals.

PROPERTY TYPE	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	DELIVERIES YTD (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT
General Retail	424	4,547,100	5.1%	28,492	51,576	9,500	305,465	\$17.26
Mall	28	5,993,200	3.4%	6,251	-2,914	6,554	10,238	\$18.00
Power Center	136	5,676,549	3.6%	16,689	58,502	0	62,314	\$21.72
Shopping Center	843	26,041,744	7.5%	131,592	4,480	71,359	60,609	\$15.90

Shopping Center includes neighborhood and community centers.

### Key Lease Transactions Q3 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Southpark Shopping Center	21,324	Books-A-Million	Renewal	Colonial Heights
Westchester Commons	17,000	Petco	Renewal	Midlothian Corridor
Westchester Commons	11,500	Glowgolf	Renewal	Midlothian Village
Parkway Shopping Center	8,995	Dollar Tree	New	Midlothian/E Hull St

### Key Sales Transactions Q3 2019

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
11380 Iron Bridge Rd	6,200	Bank Street Advisors / BrightStar Care	\$3.3M / \$540	South Chesterfield
Shops at Colony Crossing	16,140	U.S. Bank / Undisclosed	\$2.5M / \$155	Swift Creek

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